

# City of Detroit

## CITY COUNCIL

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TO: Councilmembers

FROM: Irvin Corley Jr., Director *ICJ*  
Anne Marie Langan, Deputy Director *AM*

DATE: October 15, 2012

RE: State Senate Bill 1301 – Amendments to the Port Authority Act

State Senate Bill 1301 was introduced September 20, 2012 through a bipartisan group of legislators. It would substantially enhance the role of a port authority as permitted under the current port authority act 639 of 1978. The Detroit/Wayne County Port Authority ("DWCPA") worked with the legislature to develop this legislation that mirrors the existing legislation in the states of Ohio and Iowa.

The intent of the DWCPA is to have a more effective role in helping to retain and create jobs in Michigan. The belief is that the DWCPA can be an additional investment tool for developments that need a different type of access to capital markets. The DWCPA would earn fees from participating in development deals, thereby creating a source of funding to further and fully develop the port at the Detroit Marine Terminal. Ultimately, the port would also be able to decrease their dependency on annual operating appropriations from the state, city and county. The DWCPA has also indicated that as a governmental agency that is not interested in a pure profit, the fee income earned could also be used to improve the communities that the DWCPA is a part of.

Fiscal was concerned that if the projects that the DWCPA becomes involved in to generate fees and self-sufficiency were the same projects that the DEGC would have participated in, then the goal of self-sufficiency would be lacking, since the city would have to increase its subsidy to the DEGC. However, the DWCPA has pointed out with many examples that they are not trying to poach the DEGC's projects but instead delve into different aspects of development and work with the DEGC when it is felt that combining resources would generate growth for the region.

While the DWCPA is a governmental agency that has mayoral appointees on the board, their financial deals are not backed by the full faith and credit of the city. If there was ever a negative situation regarding future deals due to financial or other economic events, the city would not be nor ever has been financially responsible.

The DWCPA staff has explained that many corporations use port authorities in other states to finance development. Therefore, the DWCPA often receives calls from corporations interested in working with the DWCPA, but would need this bill enacted for that type of work to take place.

There is some concern about a different senate bill, No. 1302 that was introduced by some of the same legislators that would allow the creation of a Michigan port authority, something that does not currently exist in the state. The way it reads it would be used as a similar development tool with the same parameters as the proposed port authority act, but all the board members would be appointees of the governor. The DWCPA is not clear if this duplication could adversely affect the DWCPA.

Finally, due to existing laws, the export business at Michigan ports is non-existent, because the current law on ballast water creates additional costs. So all of the state's agri-business trucks its exports to either the Toledo port or the port of Indiana. There is another senate bill, No. 1212 that will align the state's ballast water controls with those in Ohio and Ontario. This will save the agri-business in Michigan the time and money of trucking further than is necessary to a port.

We will provide Council with any updates when additional information becomes available.

cc: Council Divisions  
Kirk Lewis, Deputy Mayor  
George Jackson, DEGC  
John Jamian, DWCPA  
John Kerr, DWCPA